

22 March 2018

Dear Shareholder

**Freedom Foods Group Limited
Retail Entitlement Offer**

On 16 March 2018, Freedom Foods Group Limited (ASX Code: FNP) (**Freedom Foods**) announced an accelerated pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in Freedom Foods (**New Shares**) at an offer price of A\$4.80 per New Share (**Offer Price**) to raise approximately A\$100 million (**Entitlement Offer**). Freedom Foods will offer Eligible Retail Shareholders (as defined below) the opportunity to subscribe for 3 New Shares for every 29 existing Freedom Foods shares held on the record date of 7:00pm (AEDT) on Tuesday, 20 March 2018 (**Record Date**) (the **Entitlements**).

In conjunction with the Entitlement Offer, Freedom Foods has conducted a placement of New Shares to certain institutional investors which raised gross proceeds of approximately \$100 million.

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

Documents relating to the Entitlement Offer were lodged with the ASX on Friday, 16 March 2018.

Details of the Entitlement Offer

The Entitlement Offer has been fully underwritten by Veritas Securities Limited and UBS AG, Australian Branch (**Lead Managers**). The Lead Managers have appointed Arrowvest Pty Limited (**Arrowvest**), a Perich Group company which is a cornerstone investor in Freedom Foods and which is a related party of Freedom Foods, to sub-underwrite the Entitlement Offer. Under the sub-underwriting arrangement, Arrowvest has agreed with the Lead Managers to subscribe for up to approximately \$18.5 million of any shortfall from the Entitlement Offer (i.e. any New Shares not taken up under the Entitlement Offer by Eligible Retail Shareholders (as defined below)).

The New Shares issued under the Entitlement Offer will comprise 20,860,996 New Shares.

The funds raised under the Entitlement Offer will be used to fund the Company's growth strategy including the following key initiatives:

- to accelerate capital expenditure programs of \$120 million; and
- to provide additional balance sheet flexibility for future growth opportunities.



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Further details of these initiatives are set out in the announcement and investor presentation released by Freedom Foods on the ASX on 16 March 2018.

The Entitlement Offer comprises an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to subscribe for New Shares at the same Offer Price and offer ratio (**Retail Entitlement Offer**). The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, meaning that no prospectus needs to be prepared in relation to the Entitlement Offer.

The Institutional Entitlement Offer has already been completed and raised approximately A\$81.5 million.

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below), on the basis of 3 New Shares for every existing 29 Freedom Foods shares held as at the Record Date. An offer booklet in relation to the Retail Entitlement Offer (**Retail Offer Booklet**) will be dispatched to Eligible Retail Shareholders (as defined below) on or around Thursday, 22 March 2018.

Eligibility Criteria

Freedom Foods has determined that it would be unreasonable to make offers to shareholders in all countries in connection with the Retail Entitlement Offer. This determination was made due to legal limitations on making or extending an offer of New Shares in some countries, the relatively small number of shareholders in those countries, the small number of shares they hold and the potential cost of complying with regulatory requirements in those countries.

Accordingly, Freedom Foods wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are shareholders who:

- (a) are registered as holders of existing Freedom Foods shares as at the Record Date; and
- (b) were not invited to participate (other than as nominee in respect of other underlying holdings) in the Institutional Entitlement Offer and were not treated as ineligible institutional investors under the Institutional Offer;
- (c) as at the Record Date, have a registered address in Australia or New Zealand; and
- (d) are not in the United States and are not acting for the account or benefit of a person in the United States; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

All other retail shareholders are not eligible to participate in the Retail Entitlement Offer (**Ineligible Retail Shareholders**).

Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above, you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent documents relating to the Retail Entitlement Offer.

Nominee for Ineligible Retail Shareholders

The Entitlements in the Retail Entitlement Offer are non-renounceable and cannot be sold by any shareholder. However, Freedom Foods has appointed Pershing Australia Nominees Pty Ltd as the nominee (**Nominee**) to arrange the sale of the New Shares that Ineligible Retail Shareholders would have been offered under the Retail Entitlement Offer had they been eligible to participate. Under the arrangement with the Nominee, Freedom Foods will issue to the Nominee the New Shares that Ineligible Retail Shareholders would have been offered under the Retail Entitlement Offer had they been eligible to participate and the Nominee will then attempt to sell those New Shares.

The Nominee will have the absolute and sole discretion to determine the timing, the price at which the New Shares may be sold and the manner of such sale. The net proceeds above the Offer Price (in Australian dollars), if any, of the sale of the relevant New Shares will be distributed to the Ineligible Retail Shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting for costs, including the costs of the sale and the costs of distributing the proceeds). There is no assurance that the Nominee will be able to sell the New Shares issued pursuant to the Ineligible Retail Shareholders' Entitlements at an offer price that will result in Ineligible Retail Shareholders receiving any net proceeds for their Entitlements such that Ineligible Retail Shareholders may receive no value for their Entitlements.

Neither Freedom Foods nor the Nominee will be subject to any liability for failure to sell the New Shares that would have been offered to Ineligible Retail Shareholders or to sell them at a particular price.

Notwithstanding that the Nominee must sell the New Shares, Ineligible Retail Shareholders, may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Shareholder Enquiries

If you have any queries regarding the Retail Entitlement Offer, or if you believe you are an Eligible Retail Shareholder, please call the Freedom Foods Offer Information Line on 1300 420 709 (within Australia) and +61 1300 420 709 (outside Australia) 8:30am to 5:30pm (Sydney time), Monday to Friday (excluding public holidays), during the Retail Entitlement Offer period.

On behalf of the Board and management of Freedom Foods, thank you for your continued support.

Yours sincerely



Rory J F Macleod
Managing Director
Freedom Foods Group Limited

Important Information

This letter is used by Freedom Foods. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Freedom Foods in any jurisdiction. This letter does not constitute financial product advice and has been prepared without taking account of the investment objectives, financial situation or needs of any particular investor. This letter does not and will not form any part of any contract for the acquisition of Freedom Foods shares.

*This letter does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither the Entitlements nor the New Shares referred to herein have been, nor will be, registered under the U.S Securities Act of 1933, as amended (**US Securities Act**). Accordingly, the entitlements may not be exercised by and the Entitlements and New Shares may not be offered or sold to, persons in the United States or to persons that are acting for the account or benefit of persons in the United States unless they have been registered under the US Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities law.*

No documents relating to the Retail Entitlement Offer may be sent or distributed, in whole or in part to persons in the United States or to persons that are acting for the account or benefit of any person in the United States.